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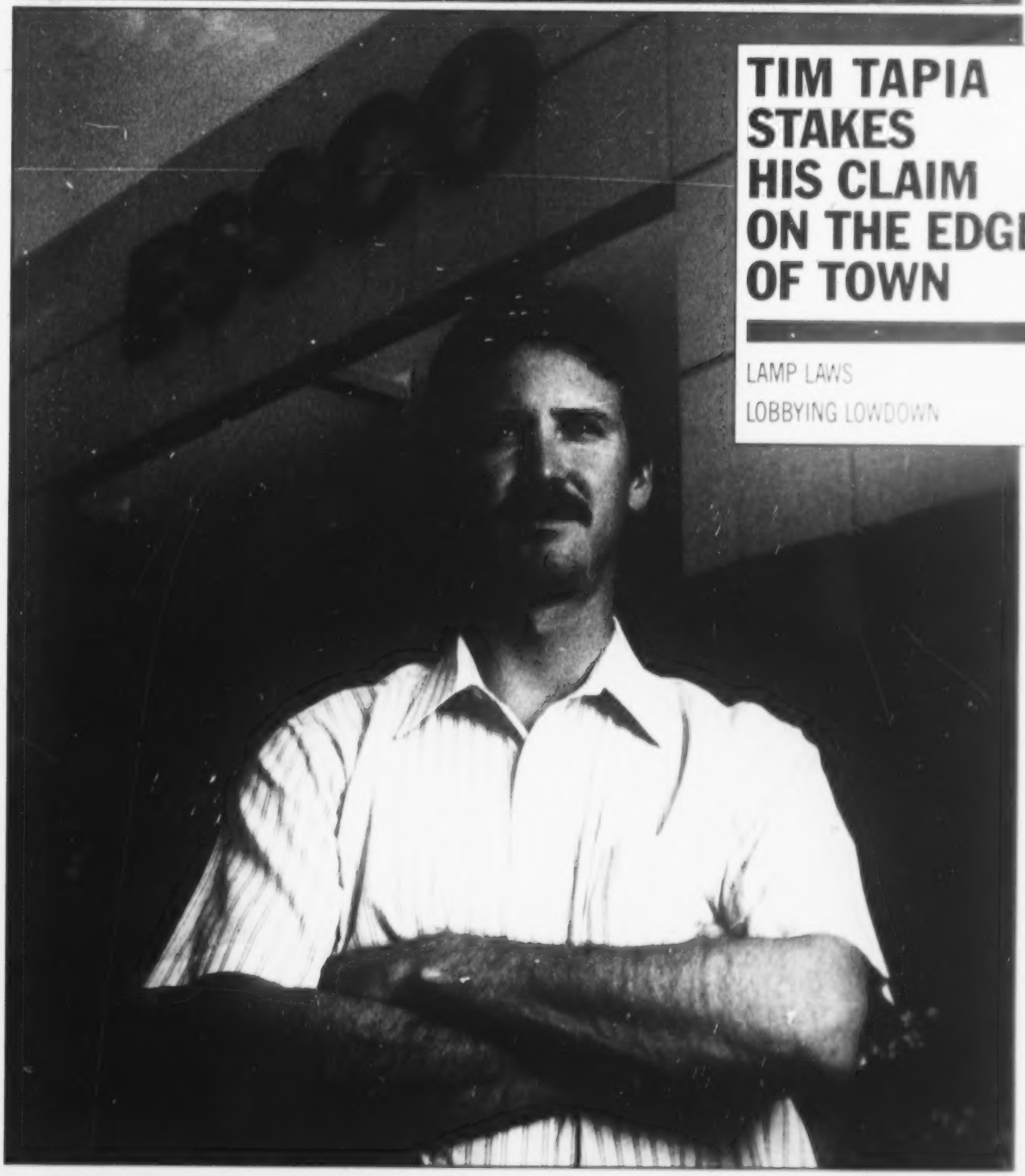
ELECTRICAL WHOLESALING



TIM TAPIA STAKES HIS CLAIM ON THE EDGE OF TOWN

LAMP LAWS

LOBBYING LOWDOWN

VOLUME 73
NUMBER 9

ELECTRICAL WHOLESALING

SEPTEMBER
1992

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COVER
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Dan Vermillion

ELECTRICAL
WHOLESALING

Editorial Director:
Andrea J. Herbert

Chief Editor:
James A. Lucy

Associate Editors:
Timothy Kasen
Douglas Chandler

Graphic Designer:
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Dale E. Funk
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Contributing Authors:
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Carolyn Brown
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Directory of Electrical Wholesale Distributors:
Bernadette Sabatino

THE PUBLISHER'S NOTE

While compiling ELECTRICAL WHOLESALING's "250 Biggest" annual listing over the last few years, we've been intrigued by the fast growth of ESSCO Wholesale Electric Co., a 10-location distributor based in Gilbert, Ariz. So we sent Associate Editor Doug Chandler to ESSCO for a closer look: How are they creating this growth without the established industrial or commercial base you'd find in a major metro area?

It turns out that's just the point. President Tim Tapia told Doug how ESSCO targets sparsely populated—but promising—areas on the fringes of major cities. The company's growth then parallels the growth of the surrounding community. Doug's report, which begins on page 30, is packed with fresh ideas on building a business based on service to small- to medium-sized contractors.

Although Doug only recently joined ELECTRICAL WHOLESALING, this is his second cover story in as many months. Chief Editor Jim Lucy and I are very impressed with how quickly Doug has grasped the workings of this industry. Look for more fine work from Doug in coming months.

Rich Hathaway

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Eric Jacobson

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9800 Metcalf Avenue
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NEWS WATCH

News of the electrical industry

Osram buys GTE's Sylvania

GTE announced it had reached a definitive agreement to sell its world-wide lighting business, including Sylvania Lighting, Danvers, Mass., in two pieces for a total of about $1.1 billion to Osram, the lighting products subsidiary of Germany's Siemens AG, and an investor group led by Citicorp.

The proposed sale will propel Montgomery, N.Y.-based Osram into the No. 2 spot among U.S. lighting manufacturers, behind GE Lighting, Nela Park, Ohio. Osram had ranked fourth in the U.S., behind GE, Philips Lighting Co., Somerset, N.J., and Sylvania. Total annual sales of Osram will increase by 70% to about $3.1 billion.

Under the split agreement, GTE will sell the North American lighting operations of Sylvania to Osram. The investor group will form a new company, Sylvania Lighting International B.V., for the lighting operations in Europe, the Far East, Latin America and Australia. The investors are led by Citicorp Venture Capital Partners, a wholly owned subsidiary of Citicorp based in London.

GTE put the lighting business on the block last September, saying it wanted to concentrate on telephone and telecommunications operations.

Osram plans to continue to operate its manufacturing plant in Maybrook, N.Y., which will become part of Sylvania's North American lighting operations. Osram also said it will continue to sell through distributors and manufacturers' representatives, however some changes are expected in how Osram structures its sales force.

Mass Gas files Chapter 11

New England's troubled economy has forced 78-year-old Massachusetts Gas & Electric Light Supply Co., Inc. (Mass Gas), Watertown, Mass., to file for protection under Chapter 11 of the U.S. Bankruptcy Code.

Listing a $7.4 million debt to its creditors and assets of $5.8 million, Mass Gas filed the petition last month in the U.S. Bankruptcy Court in Boston, Mass. Mass Gas is run by Charles Steiner, who heads the Branch Group, Inc., Upper Marlboro, Md.

In a letter to vendors with The Independent Electrical Distributors, Inc. (TIED), buying/marketing group, of which Mass Gas was a member, Steiner said he realized that he was too aggressive in his involvement and too early in his acquisition activities in the New England market. "I accept full responsibility for what has happened and feel obligated to minimize the exposure of our vendors," he wrote.

Mass Gas plans to continue operating under the auspices of Chapter 11, says Douglas Hoffman, chief executive officer for Mass Gas and Electric Specialty & Supply Corp. (ESSCO), Boston, although some reduction in operations is expected.

Mass Gas already had cut back its branches from seven to four in July, by closing its houses in Providence, R.I., Nashua, N.H., and its former headquarters in Boston. The company maintains branches in Watertown and Lynn, both suburbs of Boston, Port Smith, N.H., and New Bedford, Mass.

THE PLC MARKET AT A GLANCE

In the competitive world of factory automation, Allen-Bradley Co., Milwaukee, Wis., remains the undisputed king of the programmable logic controller (PLC) market, according to Automation Research Corp., Medfield, Mass., an international market research and management consulting firm on industrial automation. The combined North American market for PLCs totaled just over $776 million in 1991. Allen-Bradley was the North American market share leader, capturing over 40% of total shipments.

Suppliers with less than 4% market share in 1991 included Honeywell, Reliance Electric, Mitsubishi, IDEC, Westinghouse, Giddings & Lewis, Eagle Signal, Eaton Cutler-Hammer, Toshiba, Klockner Moeller and Cincinnati Milacron.